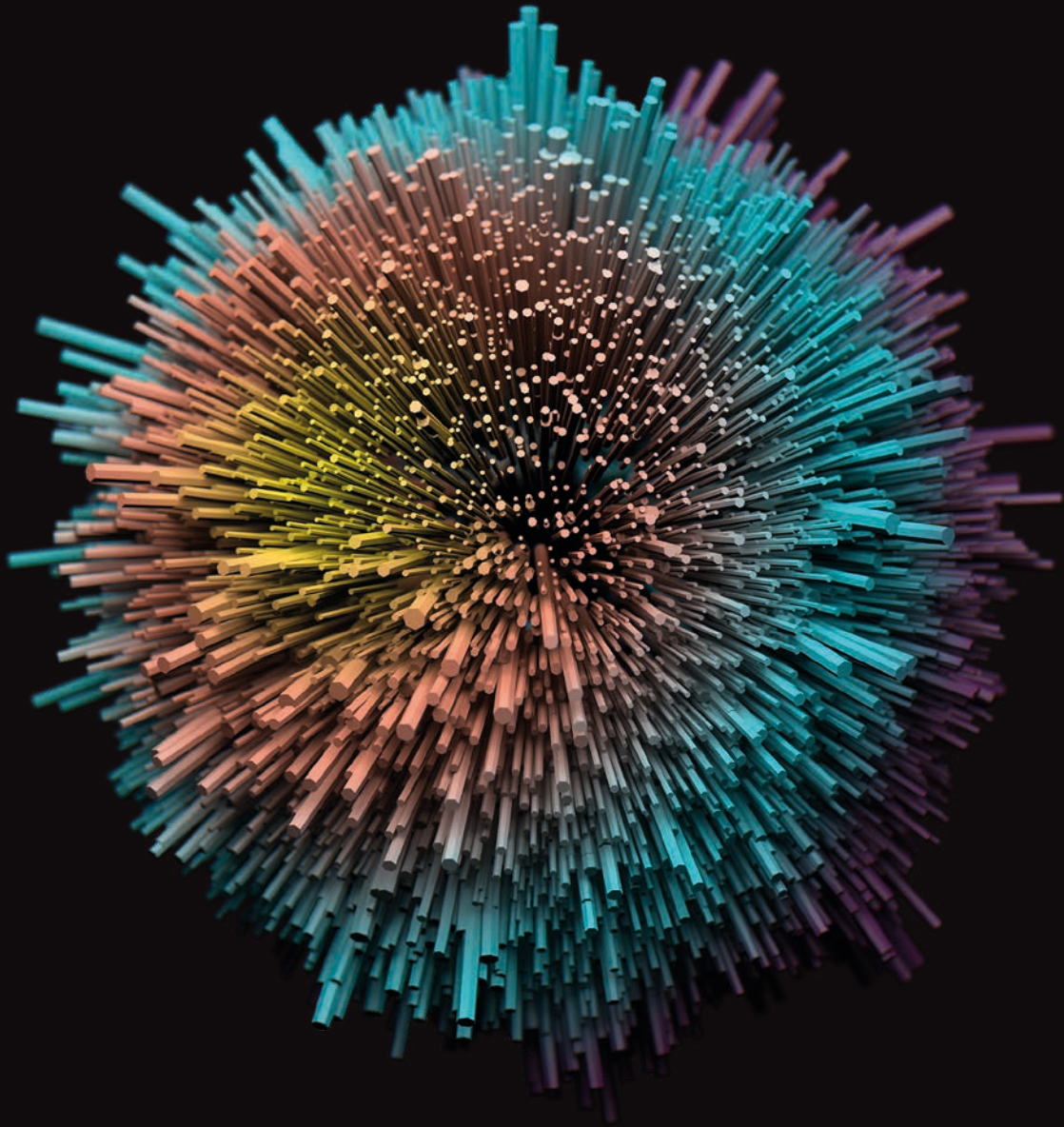


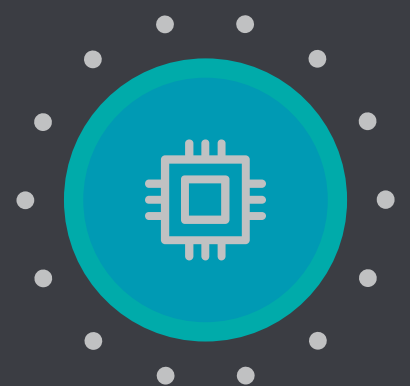
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Shapeshifters

The changing role of the CIO in financial services

Information technology (IT) in financial services has traditionally been viewed as an operational detail that takes a backseat to business strategy. But in today's technology-driven world, strategy and IT are inextricably linked. In fact, more often than not IT is now the primary catalyst for competitive advantage and strategic disruption in financial services. Every company is a technology company at its core. This is especially true in financial services, creating the need for a new kind of Chief Information Officer (CIO).



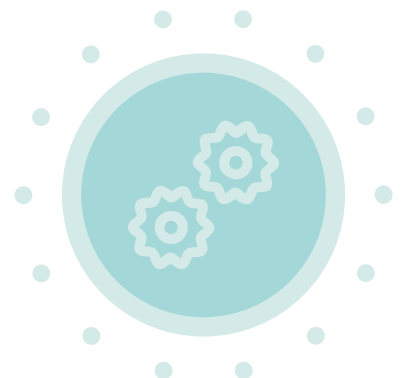
Ecosystem orchestrator

Now that IT services can be obtained in so many different ways – including Cloud platforms, established technology vendors, start-ups, external service providers and developers, alliances, acquisitions, and open source communities – a CIO's job can no longer revolve around managing and overseeing internal IT activities and resources. This new plug-and-play infrastructure requires an additional focus on both vendor procurement management, and the ability to recognize the intersection between the different parts of the technology ecosystem.

What's more, CIOs now need the ability to communicate and collaborate across organizational boundaries – not just with business unit leaders and traditional C-Suite, but also with new leaders such as Chief Digital Officers, Chief Innovation Officers, Chief Data Officers, and Chief Customer Officers – as well as with leaders of external organizations and third-party service providers. And as financial services offerings become increasingly intertwined with other sectors such as retail, public sector, and healthcare, CIOs may also need to help their companies understand and manage connections to new business partners in other industries.

Finally, as more and more leading-edge technologies become available for use, such as AI, Quantum Computing, and Blockchain, the CIO must also act as the "hype-filter."

The balance lies in ensuring that the technology adopted meets the business' core objectives and how aggressive they wish to be seen in terms of adoption. As interesting and cutting edge a new technology may be, it must fit its role in the organization – to help the business meet its goals.



Start-up leader

To keep pace with technology-driven start-ups that are fast, nimble, and innovative, financial services CIOs need the ability to operate their own organizations in a similar fashion. That means developing innovative new systems and capabilities at start-up speed, without being impeded by organizational culture and inertia, politics and bureaucracy, legacy systems, and the status quo. Agile software development methods can help by promoting adaptive planning, flexible development, rapid delivery, and continuous improvement. However, in an ecosystem-oriented environment it is just as important to know when and how to acquire IT services and capabilities externally by buying, renting, or partnering, rather than building everything from scratch. Internal development should generally be reserved for systems and capabilities that are truly differentiated and strategic.

To get things started more quickly and efficiently, more and more financial institutions are strategically partnering with world-class incubators and accelerators both to accelerate their own pace of technology adoption and to identify potential acquisitions.

In addition, some institutions are creating their own FinTech accelerators and investment funds. Others are creating separate start-up “challenger” businesses that can freely pursue revolutionary digital innovations, even as they continue to improve their established “champion” businesses through a more evolutionary approach, leveraging the challengers’ revolutionary innovations once they have been proven. The key is to have a portfolio of innovations to tap into as the market unfolds, rather than being locked into a single course of action.

To ensure these deliveries are successful, the business should look to build cross-functional teams made up of change, business, and technology assets, all working collaboratively. The teams should deliver in small, testable chunks, to allow the customer and market to respond warmly to the change. By incrementing business transformation in this way, the business can adapt according to both internal and external changes.



Rising to the challenge

The financial services marketplace is experiencing unprecedented change and technology is the driving force. To compete effectively, companies need visionary technology leaders who can steer them into the future. This is an exciting and challenging time for financial services CIOs.

Their expanding new roles provide tremendous opportunities for increased business value and strategic impact; however, they will likely involve taking on new responsibilities and demonstrating new capabilities that may be very different from before and requires an amplified and strategic leadership approach.

Striking a balance between operator, innovator, and integrator is the true challenge for leadership roles in financial services today. Are CIOs ready to meet the challenge?



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